

Auditing Procedures Report

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Issued under Public Act 2 of 1968, as amended

Unit Name	CAMBRIDGE	County	LENAWEE	Type	TOWNSHIP	MuniCode	46-1-030
Opinion Date	MAY 14, 2008	Audit Submitted	JUNE 11, 2008	Fiscal Year	2008		

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No".

<input checked="" type="checkbox"/> 1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/> 2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input checked="" type="checkbox"/> 3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/> 4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/> 5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/> 6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/> 7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/> 8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/> 9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/> 10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/> 11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input checked="" type="checkbox"/> 12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/> 13. Is the audit opinion unqualified? 14. If not, what type of opinion is it? <u>NA</u>
<input checked="" type="checkbox"/> 15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/> 16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/> 17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input checked="" type="checkbox"/> 18. Are there reported deficiencies? <input checked="" type="checkbox"/> 19. If so, was it attached to the audit report?

General Fund Revenue:	\$ 962,619.00
General Fund Expenditure:	\$ 1,493,596.00
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	\$ 872,315.00
Governmental Activities Long-Term Debt (see instructions):	\$ 0.00

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (Reported deviations).

CPA (First Name)	PHILIP	Last Name	RUBLEY	Ten Digit License Number	1101009223				
CPA Street Address	133 W MAIN STREET	City	MORENCI	State	Mi	Zip Code	49256	Telephone	+1 (517) 458-2274
CPA Firm Name	PHILIP R RUBLEY, CPA	Unit's Street Address	302 CONNER STREET	City	ONSTED	Zip Code	49265		

**CAMBRIDGE TOWNSHIP
LENAWEE COUNTY, MICHIGAN
ANNUAL FINANCIAL REPORT
MARCH 31, 2008**

**CAMBRIDGE TOWNSHIP
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED MARCH 31, 2008**

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— Certified Public Accountant —

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PHILIP R. RUBLEY, C.P.A.

MEMBERS OF
AMERICAN INSTITUTE OF C.P.A.'S
& THE MICHIGAN ASSOCIATION OF C.P.A.'S

May 14, 2008

Township Board
Cambridge Township
Lenawee County
302 Conner Street
Onsted, Michigan 49265

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Cambridge Township as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Cambridge Township management. Our responsibility is to express opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Cambridge Township as of March 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 3 through 8, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cambridge Township basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Cambridge Township
May 14, 2008

The combining and individual non-major fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully Submitted,



Philip R. Rubley, CPA

PRR/cab

CAMBRIDGE TOWNSHIP
Management's Discussion and Analysis
March 31, 2008

Using This Annual Report

The annual report consists of a series of financial statements. The statement of net assets and the statement of activities provide information about the activities of Cambridge Township government-wide basis. They are designed to present a longer-term view of the Township's finances. Fund financial statements tell how services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

Overview Of The Financial Statements

The Township's basic financial statements are comprised of three components:

- A) Government-wide financial statements.
- B) Fund financial statements.
- C) Notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Township's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The Township maintains 5 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, police fund, fire fund and building fund each of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The Township adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

CAMBRIDGE TOWNSHIP
Management's Discussion and Analysis
March 31, 2008

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Proprietary Funds. The Township maintains one type of proprietary fund. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Township has one enterprise fund to account for sewer and water activity.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The Township maintains 2 fiduciary type funds.

Notes To The Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement of some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the Township include general government, public safety, public works, recreation and culture and community development.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into three categories; governmental funds, fiduciary funds and proprietary funds.

Other Information

The Township has reported under required supplementation information, information about the General Fund and Major Type Funds, and Combining Balance Sheets and Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Type Governmental Funds.

CAMBRIDGE TOWNSHIP
Management's Discussion and Analysis
March 31, 2008

The Township As A Whole

The Township's net assets for the year ended March 31, 2008 increased by 2.31% over the prior year, and management feels that even though the economic conditions have been slightly depressed, that the Township was fiscally able to grow at a rate close to inflation.

The governmental activities reflect net assets of \$3,980,142.

The Township's net assets reflects its investment in capital assets (e.g. land, buildings, vehicles, equipment and infrastructure), less any related debt used to acquire these assets that are still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CAMBRIDGE TOWNSHIP
Management's Discussion and Analysis
March 31, 2008

CAMBRIDGE TOWNSHIP NET ASSETS		
	<u>Governmental Activities</u>	
	<u>2008</u>	<u>2007</u>
<u>Revenue</u>		
Program Revenue:		
Charges for Services	\$ 363,294	\$ 350,723
Operating Grants and Contributions	90,537	47,841
Capital Grants and Contributions	41,180	---
General Revenue:		
Property Taxes	694,654	685,664
Grants and Contributions Not		
Restricted To Specific Program	331,630	317,537
Interest and Rentals Earnings	100,511	77,321
Total Revenue	<u>1,621,806</u>	<u>1,479,086</u>
<u>Expenses</u>		
General Government	379,252	412,108
Public Safety	781,166	733,016
Public Works	57,888	127,242
Community and Economic Development	24,308	24,851
Recreation and Culture	13,756	13,113
Other Functions	31,946	14,806
Total Expenses	<u>1,288,316</u>	<u>1,325,136</u>
Increase In Net Assets	333,490	153,950
Net Assets Beginning of Year	<u>3,646,652</u>	<u>3,492,702</u>
Net Assets End of Year	<u>\$3,980,142</u>	<u>\$3,646,652</u>
<u>Assets</u>		
Current and Other Assets	\$2,692,431	\$2,530,436
Capital Assets	1,318,936	1,148,736
Total Assets	<u>\$4,011,367</u>	<u>\$3,679,172</u>
<u>Liabilities</u>		
Other Liabilities	\$ 31,225	\$ 32,520
Total Liabilities	<u>31,225</u>	<u>32,520</u>
<u>Net Assets</u>		
Invested in Capital Assets, Net of Related Debt	1,318,936	1,148,736
Unrestricted	1,638,224	1,533,024
Unrestricted - Designated	705,192	629,857
Restricted	317,790	335,035
Total Net Assets	<u>\$3,980,142</u>	<u>\$3,646,652</u>

CAMBRIDGE TOWNSHIP
Management's Discussion and Analysis
March 31, 2008

CAMBRIDGE TOWNSHIP NET ASSETS		
	<u>Business-Type Activities</u>	
	<u>2008</u>	<u>2007</u>
<u>Revenue</u>		
Program Revenue:		
Charges for Services	\$ 348,832	\$ 426,046
General Revenue:		
Interest and Rentals Earnings	4,561	428
Total Revenue	353,393	426,474
<u>Expenses</u>		
Public Works	350,609	514,612
Interest on Long-Term Debt	138,364	162,971
Total Expenses	488,973	677,583
(Decrease) in Net Assets	(135,580)	(251,109)
Net Assets Beginning of Year	4,923,554	5,174,663
Net Assets End of Year	\$4,787,974	\$4,923,554
<u>Assets</u>		
Current and Other Assets	\$2,841,646	\$3,197,578
Capital Assets	4,765,843	4,888,804
Total Assets	\$7,607,489	\$8,086,382
<u>Liabilities</u>		
Long-Term Liabilities Outstanding	\$2,764,428	\$3,101,290
Other Liabilities	55,087	61,538
Total Liabilities	2,819,515	3,162,828
<u>Net Assets</u>		
Invested in Capital Assets,	2,001,415	1,787,514
Net of Related Debt		
Unrestricted	2,786,559	3,136,040
Total Net Assets	\$4,787,974	\$4,923,554

**CAMBRIDGE TOWNSHIP
Management's Discussion and Analysis
March 31, 2008**

Government Activities

Government activities increased the Township's net assets by \$333,490.

Business Activities

Business activities (decreased) the Township's net assets by \$(135,580).

The Township's Funds

Our analysis of the Township's funds begins on Page 9, following the entity wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Trustee Board and management creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages, etc.

General Fund Budgetary Highlights

Differences between the original budget and amended budget were insignificant. Actual results in revenue were higher then budgeted, and expenses were significantly lower then budgeted numbers.

Capital Assets And Debt Administration

The Township's investment in capital assets for its governmental and business-type activities as of March 31, 2008, amounted to \$6,084,779 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment. The total increase in the Township's investment in capital assets for the current year was 3.30%.

Long-term debt of the Township decreased by \$336,862 (see Note 8 of the basic financial statements). There was no new debt incurred in the fiscal year ended March 31, 2008.

Economic Factors And Next Year's Budget And Rates

The Township's budget for 2008-2009 fiscal year has taken inconsideration, the economic condition of the State of Michigan anticipating reduced state share revenues. This will require close tabs on expenditures for the upcoming year and adjustments will be made to mirror, when possible, the revenue base, with expenses.

Contacting The Townships Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the clerk's office at 302 Conner Street, Onsted, Michigan 49265.

CAMBRIDGE TOWNSHIP
Government-wide Statement of Net Assets
March 31, 2008

	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Cash and Equivalents	\$2,600,857	\$ 4,396	\$ 2,605,253
Receivables - Net/Deposits	75,396	2,837,250	2,912,646
Prepaid Items and Other Assets	15,178	---	15,178
Internal Balances	1,000	(1,000)	---
Capital Assets Not Being Depreciated	231,011	---	231,011
Capital Assets Being Depreciated - Net	<u>1,087,925</u>	<u>4,765,843</u>	<u>5,853,768</u>
Total Assets	<u>\$4,011,367</u>	<u>\$7,606,489</u>	<u>\$11,617,856</u>
<u>Liabilities</u>			
Accounts Payable and Accrued Expenses	\$ 31,225	\$ 54,087	\$ 85,312
Long-Term Liabilities:			
Due Within One Year	---	346,763	346,763
Due In More Than One Year	<u>---</u>	<u>2,417,665</u>	<u>2,417,665</u>
Total Liabilities	<u>31,225</u>	<u>2,818,515</u>	<u>2,849,740</u>
<u>Net Assets</u>			
Invested In Capital Assets, Net of Related Debt	1,318,936	2,001,415	3,320,351
Unrestricted	1,638,224	2,786,559	4,424,783
Unrestricted - Designated	705,192	---	705,192
Restricted	<u>317,790</u>	<u>---</u>	<u>317,790</u>
Total Net Assets	<u>\$3,980,142</u>	<u>\$4,787,974</u>	<u>\$ 8,768,116</u>

CAMBRIDGE TOWNSHIP
Government-wide Statement of Activities
For The Year Ended March 31, 2008

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges For Services</u>	<u>Operating Grants And Contributions</u>	<u>Capital Grants And Contributions</u>	<u>Net (Expenses) Revenues</u>
<u>Governmental Activities:</u>					
General Government	\$ 379,252	\$200,880	\$ ---	\$41,180	\$(137,192)
Public Safety	781,166	156,339	90,537	---	(534,290)
Public Works	57,888	---	---	---	(57,888)
Community and Economic Development	24,308	6,075	---	---	(18,233)
Recreation and Culture	13,756	---	---	---	(13,756)
Other Functions	31,946	---	---	---	(31,946)
Total Governmental Activities	<u>1,288,316</u>	<u>363,294</u>	<u>90,537</u>	<u>41,180</u>	<u>(793,305)</u>
<u>Business-Type Activities:</u>					
Utilities	350,609	210,468	---	---	(140,141)
Interest Expense	138,364	138,364	---	---	---
Total Business-Type Activities	<u>488,973</u>	<u>348,832</u>	<u>---</u>	<u>---</u>	<u>(140,141)</u>
Total	<u>\$1,777,289</u>	<u>\$712,126</u>	<u>\$90,537</u>	<u>\$41,180</u>	<u>\$(933,446)</u>

The notes to financial statements are an integral part of this statement.

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CAMBRIDGE TOWNSHIP
Government-wide Statement Of Activities (Concluded)
For The Year Ended March 31, 2008

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Changes In Net Assets</u>			
Net (Expense) Revenue	\$ (793,305)	\$ (140,141)	\$ (933,446)
General Revenues:			
Property Taxes and Assessments	694,654	---	694,654
Grants and Contributions			
Not Restricted To			
Specific Programs	331,630	---	331,630
Unrestricted Investment			
Earnings and Rentals	<u>100,511</u>	<u>4,561</u>	<u>105,072</u>
Total General Revenues, Contributions and Transfers	<u>1,126,795</u>	<u>4,561</u>	<u>1,131,356</u>
 Change In Net Assets (Decrease)	 333,490	 (135,580)	 197,910
Net Assets, Beginning of Year	<u>3,646,652</u>	<u>4,923,554</u>	<u>8,570,206</u>
Net Assets, End of Year	<u>\$3,980,142</u>	<u>\$4,787,974</u>	<u>\$8,768,116</u>

The notes to financial statements are an integral part of this statement.

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CAMBRIDGE TOWNSHIP
Governmental Funds
Balance Sheet
March 31, 2008

	<u>General Fund</u>	<u>Fire Fund</u>	<u>Police Fund</u>
<u>ASSETS</u>			
Cash and Cash			
Equivalents	\$582,859	\$707,269	\$403,931
Prepaid Expenses	3,574	6,101	4,369
Receivables - Net	36,700	18,509	20,187
Due From Other Funds	<u>275,800</u>	<u>3,188</u>	<u>303</u>
Total Assets	<u>\$898,933</u>	<u>\$735,067</u>	<u>\$428,790</u>
<u>LIABILITIES</u>			
Accounts Payable/			
Accrued Liabilities	\$ 15,922	\$ 2,671	\$ 1,514
Due to Other Funds	3,898	19,054	155,497
Deferred Revenue	<u>6,798</u>	<u>3,904</u>	<u>3,903</u>
Total Liabilities	<u>26,618</u>	<u>25,629</u>	<u>160,914</u>
<u>FUND BALANCES</u>			
Unreserved	872,315	709,438	41,866
Unreserved - Designated	---	---	---
Restricted	<u>---</u>	<u>---</u>	<u>226,010</u>
Total Fund Balances	<u>872,315</u>	<u>709,438</u>	<u>267,876</u>
Total Liabilities and Fund Balances	<u>\$897,933</u>	<u>\$735,067</u>	<u>\$428,790</u>

The notes to financial statements are an integral part of this statement.

<u>Building Fund</u>	<u>Other Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$814,859	\$91,939	\$2,600,857
---	---	14,044
---	---	75,396
<u>3,576</u>	<u>---</u>	<u>282,867</u>
<u>\$818,435</u>	<u>\$91,939</u>	<u>\$2,973,164</u>
\$ 11,118	\$ ---	\$ 31,225
102,125	159	280,733
<u>---</u>	<u>---</u>	<u>14,605</u>
<u>113,243</u>	<u>159</u>	<u>326,563</u>
---	---	1,623,619
705,192	---	705,192
<u>---</u>	<u>91,780</u>	<u>317,790</u>
<u>705,192</u>	<u>91,780</u>	<u>2,646,601</u>
<u>\$818,435</u>	<u>\$91,939</u>	<u>\$2,972,164</u>

CAMBRIDGE TOWNSHIP
Reconciliation of Fund Balances On The Balance Sheet For Governmental Funds
To Net Assets Of Governmental Activities On The Statement of Net Assets
March 31, 2008

Fund Balances – Total Governmental Funds	\$2,646,601
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Add: Capital Assets	2,540,413
Deduct: Accumulated Depreciation	(1,221,477)
Revenue that has been billed as a receivable, but not collected until later years, was not reported in the funds.	
Add: Deferred Revenue	<u>14,605</u>
Net Assets of Governmental Activities	<u>\$3,980,142</u>

CAMBRIDGE TOWNSHIP
Governmental Funds
Statement of Revenue, Expenditures, and Changes In Fund Balances
For The Year Ended March 31, 2008

	<u>General Fund</u>	<u>Fire Fund</u>	<u>Police Fund</u>
<u>REVENUES</u>			
Taxes and Assessments	\$ 279,754	\$207,736	\$207,737
Intergovernmental	320,068	---	11,562
Grants	---	---	2,391
Licenses and Permits	94,008	---	---
Fines and Forfeitures	---	---	24,066
Charges for Services	118,076	101,315	13,375
Interest and Rentals	24,487	24,288	12,816
Other	<u>123,984</u>	<u>2,529</u>	<u>15,267</u>
Total Revenue	<u>960,377</u>	<u>335,868</u>	<u>287,214</u>
<u>EXPENDITURES</u>			
Current:			
General Government	369,571	---	---
Public Safety	55,160	288,204	340,604
Public Works	57,888	---	---
Community Economic Development	24,308	---	---
Recreation and Culture	13,756	---	---
Capital Outlay	57,534	25,241	29,385
Other Functions	<u>31,946</u>	<u>---</u>	<u>---</u>
Total Expenditures	<u>610,163</u>	<u>313,445</u>	<u>369,989</u>
Excess of Revenue Over (Under) Expenditures	350,214	22,423	(82,775)
Other Financing Sources (Uses)			
Transfers In	2,242	---	50,000
Transfers (Out)	<u>(883,433)</u>	<u>---</u>	<u>---</u>
Total Other Financing Sources (Uses)	<u>(881,191)</u>	<u>---</u>	<u>50,000</u>
Net Change In Fund Balances (Decrease)	(530,977)	22,423	(32,775)
Fund Balances – Beginning of Year	<u>1,403,292</u>	<u>687,015</u>	<u>300,651</u>
Fund Balances – End of Year	<u>\$ 872,315</u>	<u>\$709,438</u>	<u>\$267,876</u>

The notes to financial statements are an integral part of this statement.

<u>Building Fund</u>	<u>Other Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ ---	\$ ---	\$ 695,227
---	---	331,630
---	---	2,391
---	---	94,008
---	---	24,066
36,678	---	232,766
---	2,242	100,511
---	---	141,780
<u>36,678</u>	<u>2,242</u>	<u>1,622,379</u>
---	---	369,571
---	---	683,968
---	---	57,888
---	---	24,308
---	---	13,756
164,919	---	277,079
---	---	31,946
<u>164,919</u>	<u>---</u>	<u>1,458,516</u>
(128,241)	2,242	163,863
833,433	---	885,675
---	(2,242)	(885,675)
<u>833,433</u>	<u>(2,242)</u>	<u>---</u>
705,192	---	163,863
---	91,780	2,482,738
<u>\$ 705,192</u>	<u>\$91,780</u>	<u>\$2,646,601</u>

CAMBRIDGE TOWNSHIP
Reconciliation Of The Statement Of Revenues, Expenditures,
And Changes In Fund Balances Of Governmental Statement Of Activities
March 31, 2008

Net Change In Fund Balances – Total Governmental Funds \$ 163,863

Amounts reported for governmental activities in the statement
of activities are different because:

Governmental funds report capital outlays as expenditures.
However, in the statement of activities, the cost of those
assets is allocated over their estimated useful lives and
reported as depreciation expense.

Add: Capital Outlay 277,079

Deduct: Depreciation Expense (106,879)

Revenue deferred on the governmental funds report, which has
been charged to receivable and thus income on the statement
of activities.

Deduct: Deferred Revenue other adjustments (573)

Change In Net Assets Of Governmental Activities \$ 333,490

CAMBRIDGE TOWNSHIP
Statement of Net Assets
Proprietary Funds
March 31, 2008

	Business-Type Activities - Enterprise Funds
	<u>Utilities Fund</u>
Assets	
Current Assets:	
Cash and Cash Equivalents	\$ 4,396
Accounts Receivable	83,625
Current Portion Special Assessment Receivable	170,254
Due From General Fund	---
Total Current Assets	<u>258,275</u>
Noncurrent Assets:	
Lenawee County Drain Commission	1,466,397
Property and Equipment - Net	4,765,843
Special Assessment Receivable - Net of Current Portion	<u>1,116,974</u>
Total Noncurrent Assets	<u>7,349,214</u>
Total Assets	<u>\$7,607,489</u>
Liabilities	
Current Liabilities:	
Accounts Payable and Accrued Liabilities	\$ 54,087
Due to General Fund	1,000
Bonds and Note Payable Current Portion	<u>346,763</u>
Total Current Liabilities	<u>401,850</u>
Noncurrent Liabilities:	
Bonds and Note Payable	<u>2,417,665</u>
Total Noncurrent Liabilities	<u>2,417,665</u>
Total Liabilities	<u>2,819,515</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	2,001,415
Unrestricted	<u>2,786,559</u>
Total Net Assets	<u>4,787,974</u>
Net Assets of Business-Type Activities on the Government-Wide Statement of Net Assets	<u>\$7,607,489</u>

The accompanying notes are an integral part of this financial statement.

CAMBRIDGE TOWNSHIP
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For The Year Ended March 31, 2008

	Business-Type Activities - Enterprise Funds
	<u>Utilities Fund</u>
Operating Revenues	
Charges for Services	\$ 348,832
Special Assessments	<u>---</u>
Total Operating Revenues	<u>348,832</u>
Expenses	
Administration/Maintenance	227,648
Depreciation	<u>122,961</u>
Total Operating Expenses	<u>350,609</u>
Operating (Loss)	<u>(1,777)</u>
Non-Operating Revenues (Expenses)	
Investment Income	4,561
Interest Expense and Fiscal Charges	<u>(138,364)</u>
Total Non-Operating Revenues (Expenses)	<u>(133,803)</u>
(Loss)	<u>(135,580)</u>
Net Assets, Beginning of Year	<u>4,923,554</u>
Net Assets, End of Year	<u>\$4,787,974</u>

The accompanying notes are an integral part of this financial statement.

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CAMBRIDGE TOWNSHIP
Reconciliation Of The Statement Of Revenues, Expenditures, To The Statement Of Activities
March 31, 2008

Change In Net Assets -- All Enterprise Funds (Decrease)	\$ (135,580)
No additional adjustments	<u>---</u>
Change In Net Assets Of Business-Type Activities (Decrease)	<u>\$ (135,580)</u>

CAMBRIDGE TOWNSHIP
Statement of Cash Flows
Proprietary Funds
For The Year Ended March 31, 2008

	Business-Type Activities
	<u>Enterprise Funds</u>
	<u>Utilities Fund</u>
Cash Flows From Operating Activities	
Cash Received from Customers	\$ 341,231
Cash Payment to Suppliers For Goods and Services/Employees	<u>(227,648)</u>
Net Cash Provided (Used)	<u>113,583</u>
 Cash Flows From Capital and Related Financing Activities	
Special Assessment Receivable	14,711
Bond and Note Principal Payments	(336,862)
Bond and Note Interest Payments	(145,815)
Lenawee County Drain Commission	<u>323,683</u>
Net Cash (Used) by Capital and Related Financing Activities)	<u>(144,283)</u>
 Cash Flows From Investing Activities	
Investment Income	4,561
Due from Other Funds	<u>1,000</u>
Net Cash Provided (Used) by Investing Activities	<u>5,561</u>
 Net (Decrease) in Cash and Cash Equivalents	 (25,139)
 Cash and Cash Equivalents, Beginning of Year	 <u>29,535</u>
 Cash and Cash Equivalents, End of Year	 <u>\$ 4,396</u>
 Reconciliation to Statement of Net Assets	
Cash and Cash Equivalents	<u>\$ 4,396</u>

The accompanying notes are an integral part of this financial statement.

CAMBRIDGE TOWNSHIP
Statement of Cash Flows (Concluded)
Proprietary Funds
For The Year Ended March 31, 2008

	Business-Type Activities - Enterprise Funds
	<u>Utilities Fund</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:	
Operating (Loss)	\$(135,580)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:	
Depreciation	122,961
Changes in Assets and Liabilities:	
Accounts Receivable/Due From Other Funds	(7,601)
Accounts Payable, Accrued Liabilities, Bonds Current Portion	<u>(6,451)</u>
Net Cash Provided (Used) by Operating Activities	<u>(26,671)</u>
Cash Flows From Financing Activities:	
Lenawee County Drain Commission	323,683
Principal Paid on Bonds	(336,862)
Special Assessments	<u>14,711</u>
Net Cash (Used) from Financing Activities	<u>1,532</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(25,139)
Cash and Cash Equivalents, Beginning of Year	<u>29,535</u>
Cash and Cash Equivalents, End of Year	<u>\$ 4,396</u>

The accompanying notes are an integral part of this financial statement.

CAMBRIDGE TOWNSHIP
Fiduciary Funds – Statement of Net Assets
March 31, 2008

	Current Tax Collection Fund	Trust and Agency Fund
<u>Assets</u>		
Cash and Cash Equivalents	<u>\$1,132</u>	<u>\$ 18</u>
Total Assets	<u>\$1,132</u>	<u>\$ 18</u>
<u>Liabilities</u>		
Due to Other Funds	\$1,132	\$ ---
Other Payables	<u>---</u>	<u>18</u>
Total Liabilities	<u>\$1,132</u>	<u>\$ 18</u>

CAMBRIDGE TOWNSHIP
Notes to Financial Statements
March 31, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Cambridge Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units.

The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below:

A. Reporting Entity

Cambridge Township is governed by an elected board. The accompanying financial statements present the government for which government is considered to be financially accountable.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements, except for agency funds, which do not have a measurement focus. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

CAMBRIDGE TOWNSHIP
Notes to Financial Statements
March 31, 2008

Property taxes, franchise taxes, intergovernmental revenue licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Fire Fund is a special revenue fund that receives monies for contractual services and charges for the purpose of providing fire protection and Advanced and Basic Life Support Services to the community.

The Police Fund is a special revenue fund that receives monies from property taxes and other contractual services for the purpose of providing police protection to the community.

The Building Fund is a capital project fund that keeps track of capital expenditures for a certain project. The Township is presently constructing a new Township Hall within this fund.

The government reports the following major proprietary fund:

The Utilities Fund is a proprietary fund which accounts for activities of the government's waste water and water system.

Additionally, the government reports the following fund types:

The Cemetery Endowment Fund which is a permanent type fund for cemetery care, etc.

The Agency Funds account for assets held by the Township acting as an agent for individuals, private organizations, other governments and/or other funds.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-side and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The government has elected not to follow private-sector standards issued after November 30, 1989 for its business-type activities and enterprise funds.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the utilities fund are charges to customers for sales and services. The enterprise funds also recognize as operating revenues the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

CAMBRIDGE TOWNSHIP
Notes to Financial Statements
March 31, 2008

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

E. Assets, Liabilities, and Net Assets or Equity

1. **Bank Deposits and Investment** – Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

State statutes authorize the government to deposit in the accounts of federally insured banks, credit unions, and savings and loans associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers acceptances, and mutual funds composed of otherwise legal investments.

2. **Receivables and Payables** – In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

3. **Prepaid Items** – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements using the consumption method.

4. **Inventories** – All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

5. **Capital Assets** – Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., road, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,500 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

CAMBRIDGE TOWNSHIP
Notes to Financial Statements
March 31, 2008

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	20 - 50
Building	10 - 50
Machinery, Equipment, And Furnishings	5 - 35
Utility Systems	50 - 100
Infrastructure	15 - 100
Vehicles	5 - 15

6. **Long-Term Obligations** - In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.
7. **Fund Equity** - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

- A. **Budgetary Information** - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end.

On or before the end of March of each year, the Township Board proposes a budget for review and holds public hearings and a final budget is adopted.

The appropriated budget is prepared by fund, function and activity. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is with the Board of Trustees.

CAMBRIDGE TOWNSHIP
Notes to Financial Statements
March 31, 2008

B. Excess of Expenditures Over Appropriations In Budgeted Funds - P.A. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amounts appropriated. During the year ended March 31, 2008, the government incurred expenditures in excess of amounts appropriated at the legal level of budgetary control as follows:

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund:			
General Government:			
Capital Outlay	\$46,900	\$57,534	\$ 10,634
Other Functions	31,300	31,946	646
Transfer Out	95,700	883,433	787,733
Public Safety:			
Police:			
Capital Outlay	25,000	29,385	4,385
Fire:			
Education	16,000	16,087	87
Capital Outlay	---	25,241	25,241

CAMBRIDGE TOWNSHIP
Notes to Financial Statements
March 31, 2008

NOTE 3 – DEPOSITS AND INVESTMENTS

The government unit's deposits and investment policy are in accordance with statutory authority.

Investments made by the Township are summarized below. The investments that are represented by specific identifiable investment securities are classified as to credit risk by the three categories described below:

- Category 1:** Insured or registered, or securities held by the Township or its agent in the Township's name.
- Category 2:** Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Township's name.
- Category 3:** Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Township's name.

	<u>Category</u> <u>1</u>	<u>2</u>	<u>3</u>	<u>Carrying</u> <u>Value</u>	<u>Market</u> <u>Value</u>
Checking, Savings and Certificate of Deposits	<u>\$201,150</u>	<u>\$2,405,253</u>	<u>\$ ---</u>	<u>\$2,606,403</u>	<u>\$2,606,403</u>
	<u>\$201,150</u>	<u>\$2,405,253</u>	<u>\$ ---</u>	<u>\$2,606,403</u>	<u>\$2,606,403</u>

The above amounts include Trust and Agency Funds of \$1,150.

Deposits Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. As of March 31, 2008 \$2,405,253 of the Township's \$2,606,403 was exposed to custodial credit risk as follows:

Uninsured and Collateralized \$2,405,253

CAMBRIDGE TOWNSHIP
Notes to Financial Statements
March 31, 2008

Investment Custodial Credit Risk

The Township has all of its investment in money market and certificate of deposits, thus not subject to investment credit risk.

Concentration of Credit Risk

The Township places no limit on the amount they may invest in one issue. 100% of their investments at March 31, 2008 are in savings accounts, money market accounts and certificate of deposits.

A reconciliation of cash and investments as shown on the Statement of Net Assets and Statement of Fiduciary Net Assets to deposits and investments as classified for note disclosure purposes is as follows:

Statement of Net Asset:

Cash and Cash Equivalents	<u>\$2,605,253</u>
	<u>2,605,253</u>

Statement of Fiduciary Net Asset:

Agency Funds:	
Cash and Cash Equivalents	<u>1,150</u>
	<u>1,150</u>
	<u>\$2,606,403</u>

CAMBRIDGE TOWNSHIP
Notes to Financial Statements
March 31, 2008

NOTE 4 – CAPITAL ASSETS

Capital assets activity for the year ended March 31, 2008 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Ending Decreases</u>	<u>Balance</u>
<u>Governmental Activities</u>				
Capital Assets, Not Being Depreciated:				
Land	\$ 66,092	\$ 79,155	\$ ---	\$ 145,247
Building Under Construction	---	85,764	---	85,764
Total Capital Assets Not Being Depreciated	66,092	164,919	---	231,011
Capital Assets, Being Depreciated:				
Buildings	355,355	48,559	---	403,914
Vehicles	1,410,254	21,554	---	1,431,808
Equipment	431,633	42,047	---	473,680
Total Capital Assets Being Depreciated	2,197,242	112,160	---	2,309,402
Less Accumulated Depreciation For:				
Buildings	(185,987)	(8,778)	---	(194,765)
Vehicles	(676,618)	(71,272)	---	(747,890)
Equipment	(251,993)	(26,829)	---	(278,822)
Total Accumulated Depreciation	(1,114,598)	(106,879)	---	(1,221,477)
Total Capital Assets, Being Depreciated, Net	1,082,644	5,281	---	1,087,925
Governmental Activities Capital Assets, Net	\$ 1,148,736	\$ 170,200	\$ ---	\$ 1,318,936
<u>Business-Type Activities</u>				
Capital Assets, Being Depreciated:				
Sewer and Water System	\$ 6,148,071	\$ ---	\$ ---	\$ 6,148,071
Total Capital Assets Being Depreciated	6,148,071	---	---	6,148,071
Less Accumulated Depreciation For:				
Sewer and Water System	(1,259,267)	(122,961)	---	(1,382,228)
Total Accumulated Depreciation	(1,259,267)	(122,961)	---	(1,382,228)
Total Capital Assets, Being Depreciated, Net	4,888,804	(122,961)	---	4,765,843
Business-Type Activities Capital Assets, Net	\$ 4,888,804	\$ (122,961)	\$ ---	\$ 4,765,843

CAMBRIDGE TOWNSHIP
Notes to Financial Statements
March 31, 2008

Depreciation expense was charged to functions/programs of the Township as follows:

Governmental Activities:

General Government	\$ 9,681
Public Safety	<u>97,198</u>

Total Depreciation Expense	
Governmental Activities	<u>\$106,879</u>

Business-Type Activities:

Utilities	<u>\$122,961</u>
-----------	------------------

Total Depreciation Expense	
Business-Type Activities	<u>\$122,961</u>

NOTE 5 – INTERFUND RECEIVABLES AND PAYABLES

At March 31, 2008, the following were interfund receivables and payables in the fund statement.

<u>Fund</u>	<u>Interfund</u> <u>Receivables</u>	<u>Interfund</u> <u>Payables</u>
General	\$275,800	\$ 3,898
Fire	3,188	19,054
Police	303	155,499
Other Agency Funds	---	1,132
Utilities	---	1,000
Cemetery Endowment	---	159
Building Fund	<u>3,576</u>	<u>102,125</u>
Total	<u>\$282,867</u>	<u>\$282,867</u>

The interfund receivables and payables are expected to be repaid within the next fiscal year.

CAMBRIDGE TOWNSHIP
Notes to Financial Statements
March 31, 2008

NOTE 6 – TRANSFERS BETWEEN FUNDS

At March 31, 2008, the following transfers were made between funds:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ 2,242	\$883,433
Police	50,000	---
Cemetery Endowment	---	2,242
Building Fund	<u>833,433</u>	<u>---</u>
Total	<u>\$885,675</u>	<u>\$885,675</u>

NOTE 7 – PROPERTY TAXES

The Township bills and collects property taxes and also taxes for the County and several School Districts within its jurisdiction. Collections and remittances of the County and School taxes are accounted for in the Current Tax Collection Agency Fund. Township property tax revenues are recognized as revenues in the fiscal year levied to the extent that they result in current receivables.

Property taxes attach as an enforceable lien on the property as of January 1.

NOTE 8 – LONG TERM DEBT

Following is a summary of changes in long-term debt:

	<u>Balance March 31, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance March 31 2008</u>	<u>Due Within One Year</u>
Notes Payable - OSB Community Bank - Construction Improvements	\$ 50,820	\$ ---	\$ 5,181	\$ 45,639	\$ 5,479
Notes Payable - OSB Community Bank - Well Improvements	207,175	---	20,193	186,982	21,606
Bonds Payable - Sewage Disposal - Cambridge/Franklin	897,600	---	98,400	799,200	98,400
Bonds Payable - Sewer Disposal Bonds - Wampers Lake	1,201,200	---	155,610	1,045,590	163,800
Bonds Payable - Water Supply Bonds - South Shore	465,000	---	45,000	420,000	45,000
Bonds Payable - Waste Water Disposal - Vineyard Lake	<u>279,495</u>	<u>---</u>	<u>12,478</u>	<u>267,017</u>	<u>12,478</u>
Total	<u>\$3,101,290</u>	<u>\$ ---</u>	<u>\$336,862</u>	<u>\$2,764,428</u>	<u>\$346,763</u>

CAMBRIDGE TOWNSHIP
Notes to Financial Statements
March 31, 2008

The Township has two notes payable at OSB Community Bank used for construction improvements.

Purpose: Construction - Wells
Date of Note: June 21, 1999
Interest Rate: 5.75% fixed
Interest Payable: Annual on June 21st
Original Amount of Issue: \$80,000

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2008	\$ 5,479	\$ 2,624	\$ 8,103
2009	5,794	2,309	8,103
2010	6,127	1,976	8,103
2011	6,479	1,624	8,103
2012	6,852	1,251	8,103
2013	7,246	857	8,103
2014	<u>7,662</u>	<u>441</u>	<u>8,103</u>
Total	<u>\$45,639</u>	<u>\$11,082</u>	<u>\$56,721</u>

Purpose: Construction - Wells
Date of Note: February 15, 2000
Interest Rate: 7.0% fixed
Interest Payable: Annual on February 15th
Original Amount of Issue: \$316,000

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2009	\$ 21,606	\$13,089	\$ 34,695
2010	23,119	11,576	34,695
2011	24,737	9,958	34,695
2012	26,469	8,226	34,695
2013	28,322	6,373	34,695
2014	30,304	4,391	34,695
2015	<u>32,425</u>	<u>2,270</u>	<u>34,695</u>
Total	<u>\$186,982</u>	<u>\$55,883</u>	<u>\$242,865</u>

CAMBRIDGE TOWNSHIP
Notes to Financial Statements
March 31, 2008

Bonds Payable - Lenawee County Sewage Disposal Bonds - Sewer/Cambridge/Franklin used for construction of sewer system. Amount applicable to Cambridge Township 48%. Total issue \$3,890,000 of which Cambridge is \$1,867,200.

Purpose: Construction Sewer
Date of Bond: June 1, 1996
Interest Rate: 7.125% to 4.5%
Interest Payable: November 1st, May 1st
Original Amount of Issue: \$1,867,200

<u>Dates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
May 1, 2008	\$ 98,400	\$ 17,982	\$116,382
November 1, 2008	---	15,768	15,768
May 1, 2009	98,400	15,768	114,168
November 1, 2009	---	13,554	13,554
May 1, 2010	93,600	13,554	107,154
November 1, 2010	---	11,448	11,448
May 1, 2011	93,600	11,448	105,048
November 1, 2011	---	9,342	9,342
May 1, 2012	91,200	9,342	100,542
November 1, 2012	---	7,290	7,290
May 1, 2013	88,800	7,290	96,090
November 1, 2013	---	5,292	5,292
May 1, 2014	108,000	5,292	113,292
November 1, 2014	---	2,862	2,862
May 1, 2015	<u>127,200</u>	<u>2,862</u>	<u>130,062</u>
Total	<u>\$799,200</u>	<u>\$149,094</u>	<u>\$948,294</u>

CAMBRIDGE TOWNSHIP
Notes to Financial Statements
March 31, 2008

Bonds Payable - Lenawee County Sewage Disposal Bonds - Wamplers Lake used for construction of sewer system. Amount applicable to Cambridge Township 54.6%. Total issue \$5,000,000 of which Cambridge is \$2,730,000.

Purpose: Construction Sewer
Date of Bond: May 1, 1995
Interest Rate: 7.75% to 5.0%
Interest Payable: November 1st, May 1st
Original Amount of Issue: \$2,730,000

<u>Dates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
May 1, 2008	\$ 163,800	\$ 26,140	\$ 189,940
November 1, 2008	---	22,045	22,045
May 1, 2009	163,800	22,045	185,845
November 1, 2009	---	17,950	17,950
May 1, 2010	174,720	17,950	192,670
November 1, 2010	---	13,582	13,582
May 1, 2011	174,720	13,582	188,302
November 1, 2011	---	9,214	9,214
May 1, 2012	180,180	9,214	189,394
November 1, 2012	---	4,709	4,709
May 1, 2013	<u>188,370</u>	<u>4,709</u>	<u>193,079</u>
Total	<u>\$1,045,590</u>	<u>\$161,140</u>	<u>\$1,206,730</u>

CAMBRIDGE TOWNSHIP
Notes to Financial Statements
March 31, 2008

Bonds Payable - Lenawee County Water Supply Bonds - South Shore Water Supply System Improvements.

Purpose: Construction of Water Supply System
Date of Bond: July 1, 1997
Interest Rate: 7.0% to 5.0%
Interest Payable: November 1st, May 1st
Original Amount of Issue: \$850,000

<u>Dates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
May 1, 2008	\$ 45,000	\$10,590	\$ 55,590
November 1, 2008	---	9,420	9,420
May 1, 2009	45,000	9,420	54,420
November 1, 2009	---	8,250	8,250
May 1, 2010	45,000	8,250	53,250
November 1, 2010	---	7,125	7,125
May 1, 2011	45,000	7,125	52,125
November 1, 2011	---	6,000	6,000
May 1, 2012	45,000	6,000	51,000
November 1, 2012	---	4,875	4,875
May 1, 2013	45,000	4,875	49,875
November 1, 2013	---	3,750	3,750
May 1, 2014	50,000	3,750	53,750
November 1, 2014	---	2,500	2,500
May 1, 2015	50,000	2,500	52,500
November 1, 2015	---	1,250	1,250
May 1, 2016	50,000	1,250	51,250
Total	\$420,000	\$96,930	\$516,930

CAMBRIDGE TOWNSHIP
Notes to Financial Statements
March 31, 2008

Bonds Payable - County of Jackson Waste Water Disposal Facility Bonds (Vineyard Lake).
Amount applicable to Cambridge Township 4.991%. Total issue \$6,100,000 of which
Cambridge is \$304,451.

Purpose: Construction Sewer
Date of Bond: November 1, 2003
Interest Rate: 2.76% - 4.50%
Interest Payable: April 1st, October 1st
Original Amount of Issue: \$304,451

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2008	\$ 12,478	\$10,295	\$ 22,773
2009	14,973	9,889	24,862
2010	14,973	9,412	24,385
2011	14,973	8,925	23,898
2012	14,973	8,420	23,393
2013	14,973	7,886	22,859
2014	17,469	7,266	24,735
2015	17,469	6,567	24,036
2016	17,469	5,868	23,337
2017	17,469	5,159	22,628
2018	17,469	4,431	21,900
2019	17,469	3,693	21,162
2020	18,715	2,913	21,628
2021	18,715	2,094	20,809
2022	18,715	1,263	19,978
2023	18,715	421	19,136
Total	<u>\$267,017</u>	<u>\$94,502</u>	<u>\$361,519</u>

Debt service requirements as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 346,763	\$127,953
2010	351,086	110,761
2011	359,157	91,279
2012	361,241	75,838
2013	366,527	57,847
2014 - 2018	887,325	94,569
2019 - 2023	92,329	10,384
Total	<u>\$2,764,428</u>	<u>\$568,631</u>

CAMBRIDGE TOWNSHIP
Notes to Financial Statements
March 31, 2008

NOTE 9 – OTHER INFORMATION

Risk Management

The government is exposed to various risks of loss related to torts; theft of damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended March 31, 2008, the government carried insurance through various commercial carriers, to cover all risks of losses. The government has had no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

NOTE 10 – NET ASSETS – GOVERNMENTAL ACTIVITIES

Net assets are comprised of the following:

Governmental Activities:

Invested in Capital Assets, Net of Related Debt	\$1,318,936
Unrestricted - Designated For Building	705,192
Restricted - Cemetery Endowment	91,780
Restricted - Police - Drug Enforcement	226,010
Unrestricted	<u>1,638,224</u>
	<u>\$3,980,142</u>

NOTE 11 – PENSION PLAN

The government provides a defined contribution pension plan to full time eligible participants. The plan is fully funded through the Principal Financial Group. The Township funds 10% of covered annual payroll.

NOTE 12 – EQUIPMENT LEASE

The government has entered into a two year lease of a 2008 Ford Crown Victoria Police Sedan. Payments are made in advance of \$12,047 per year.

Year Ending March 31

2009	<u>\$12,047</u>
	<u>\$12,047</u>

CAMBRIDGE TOWNSHIP
Budgetary Comparison Schedule
General Fund
For The Year Ended March 31, 2008

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance With Amended Budget</u>
<u>Beginning of Year Fund Balance</u>	\$ ---	\$ ---	\$1,403,292	\$1,403,292
<u>Resources (Inflows)</u>				
Taxes and Assessments	246,600	246,600	279,754	33,154
Intergovernmental	311,500	311,500	320,068	8,568
Licenses and Permits	230,750	230,750	94,008	(136,742)
Charges for Services	102,500	102,500	118,076	15,576
Interest and Rentals	20,000	20,000	24,487	4,487
Other	31,400	31,400	123,984	92,584
Transfer In	1,200	1,200	2,242	1,042
Amounts Available for Appropriation	<u>943,950</u>	<u>943,950</u>	<u>2,365,911</u>	<u>1,421,961</u>
<u>Charges to Appropriations (Outflows)</u>				
<u>General Government</u>				
Trustee Board	17,750	21,550	17,327	4,223
Township Supervisor	31,300	31,300	28,389	2,911
Treasurer	54,500	54,500	48,743	5,757
Assessing	50,000	50,000	49,418	582
Clerk	51,300	51,300	47,310	3,990
Elections	3,600	3,600	3,428	172
Attorney and Auditing	22,475	22,475	12,784	9,691
Cemetery	34,200	34,200	26,052	8,148
Board of Review	2,950	2,950	2,933	17
Township Hall	150,300	151,200	133,187	18,013
<u>Public Safety</u>				
Inspections	71,300	71,300	55,160	16,140
<u>Community Economic Development</u>				
Planning and Zoning	39,900	39,900	24,308	15,592
<u>Public Works</u>				
Road and Maintenance	212,775	212,775	55,129	157,646
Community Promotion - Cleanup	5,000	4,900	2,759	2,141
<u>Recreation and Culture</u>				
Community - Senior Citizens	900	900	900	---
Contractual Service	4,500	5,000	5,000	---
Cable - TV	7,500	10,500	7,856	2,644
<u>Capital Outlay</u>	56,800	46,900	57,534	(10,634)
<u>Other Functions</u>	29,500	31,300	31,946	(646)
<u>Transfer Out</u>	<u>95,700</u>	<u>95,700</u>	<u>883,433</u>	<u>(787,733)</u>
Total Charges to Appropriations	<u>942,250</u>	<u>942,250</u>	<u>1,493,596</u>	<u>(551,346)</u>
<u>Ending of Year Fund Balance</u>	<u>\$ 1,700</u>	<u>\$ 1,700</u>	<u>\$ 872,315</u>	<u>\$ 870,615</u>

The notes to financial statements are an integral part of this statement.

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CAMBRIDGE TOWNSHIP
Budgetary Comparison Schedule
Fire Fund (Major Special Revenue Funds)
For The Year Ended March 31, 2008

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance With Amended Budget</u>
<u>Beginning of Year Fund Balance</u>	\$ ---	\$ ---	\$ 687,015	\$687,015
<u>Resources (Inflows)</u>				
Taxes	197,000	197,000	207,736	10,736
Interest	12,000	12,000	24,288	12,288
Contractual Services	94,000	94,000	94,000	---
Miscellaneous	5,000	5,000	2,529	(2,471)
Charge for Services	8,000	8,000	7,315	(685)
Amounts Available for Appropriation	<u>316,000</u>	<u>316,000</u>	<u>1,022,883</u>	<u>706,883</u>
<u>Charges to Appropriations (Outflows)</u>				
<u>Public Safety</u>				
Salaries and Wages	107,000	116,400	116,365	35
Fringe Benefits	11,000	11,000	9,131	1,869
Operating Supplies	80,000	85,500	70,175	15,325
Uniforms	1,000	1,000	255	745
Gas and Oil	8,500	9,100	8,999	101
Utilities	17,000	17,000	15,915	1,085
Repairs and Maintenance	22,000	22,000	9,471	12,529
Insurance	31,500	31,500	28,337	3,163
Dues and Publications	600	605	605	---
Computer Services	5,500	5,700	3,546	2,154
Communication - Radio	7,000	4,400	3,013	1,387
Education	6,000	16,000	16,087	(87)
Contractual Services	1,000	1,000	720	280
Community Promotion	4,000	4,000	4,000	---
Other	19,300	11,195	1,585	9,610
Capital Outlay	15,000	---	25,241	(25,241)
Total Charges to Appropriations	<u>336,400</u>	<u>336,400</u>	<u>313,445</u>	<u>22,955</u>
<u>Ending of Year Fund Balance</u>	<u>\$ (20,400)</u>	<u>\$ (20,400)</u>	<u>\$ 709,438</u>	<u>\$729,838</u>

CAMBRIDGE TOWNSHIP
Budgetary Comparison Schedule
Police Fund (Major Special Revenue Funds)
For The Year Ended March 31, 2008

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance With Amended Budget</u>
<u>Beginning of Year Fund Balance</u>	\$ ---	\$ ---	\$300,651	\$300,651
<u>Resources (Inflows)</u>				
Taxes	200,000	200,000	207,737	7,737
Intergovernmental	11,000	11,000	11,562	562
Interest	1,500	1,500	12,816	11,316
Contractual Services	12,000	12,000	13,375	1,375
Miscellaneous	68,675	68,675	17,658	(51,017)
Fines & Forfeits	25,000	25,000	24,066	(934)
Transfer In	95,700	95,700	50,000	(45,700)
<u>Amounts Available for Appropriation</u>	<u>413,875</u>	<u>413,875</u>	<u>637,865</u>	<u>223,990</u>
<u>Charges to Appropriations (Outflows)</u>				
<u>Public Safety</u>				
Salaries and Wages	171,600	174,600	172,755	1,845
Fringe Benefits	68,900	64,500	55,681	8,819
Operating Supplies	19,000	19,000	11,562	7,438
Uniforms	1,800	1,800	1,248	552
Gas and Oil	13,200	15,700	15,602	98
Utilities	4,900	4,900	4,231	669
Repairs and Maintenance	6,000	6,000	4,963	1,037
Insurance	24,000	24,000	22,409	1,591
Contractual Services	22,000	20,200	15,442	4,758
Communication - Radio	2,500	2,500	2,051	449
Education	3,000	3,000	1,673	1,327
Other	29,275	29,275	9,600	19,675
Capital Outlay	25,000	25,000	29,385	(4,385)
Vehicle Lease	22,700	23,400	23,387	13
<u>Total Charges to Appropriations</u>	<u>413,875</u>	<u>413,875</u>	<u>369,989</u>	<u>43,886</u>
<u>Ending of Year Fund Balance</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$267,876</u>	<u>\$267,876</u>

The notes to financial statements are an integral part of this statement.

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CAMBRIDGE TOWNSHIP
Budgetary Comparison Schedule
Building Fund (Major Capital Projects Funds)
For The Year Ended March 31, 2008

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance With Amended Budget</u>
<u>Beginning of Year Fund Balance</u>	\$ ---	\$ ---	\$ ---	\$ ---
<u>Resources (Inflows)</u>				
Interest Income	---	---	36,678	36,678
Transfer In	---	---	833,433	833,433
<u>Amounts Available for Appropriation</u>	---	---	870,111	870,111
<u>Charges to Appropriations (Outflows)</u>				
Capital Outlay - Building	---	---	164,919	(164,919)
<u>Total Charges to Appropriations</u>	---	---	164,919	(164,919)
<u>Ending of Year Fund Balance</u>	\$ ---	\$ ---	\$705,192	\$ 705,192

**CAMBRIDGE TOWNSHIP
Combining Balance Sheet
Non-Major Governmental Funds
March 31, 2008**

	Permanent Fund Cemetery Endowment	Total Non-Major Governmental Funds
<u>Assets</u>		
Cash	\$91,930	\$91,930
Investments	<u>9</u>	<u>9</u>
Total Assets	<u>\$91,939</u>	<u>\$91,939</u>
<u>Liabilities</u>		
Due to General Fund	\$ 159	\$ 159
<u>Fund Balance</u>	<u>91,780</u>	<u>91,780</u>
Total Liabilities and Fund Balances	<u>\$91,939</u>	<u>\$91,939</u>

The notes to financial statements are an integral part of this statement.

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CAMBRIDGE TOWNSHIP
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
For The Year Ended March 31, 2008

	Permanent Fund Cemetery Endowment	Total Non-Major Governmental Funds
<u>Revenues:</u>		
Interest	<u>\$ 2,242</u>	<u>\$ 2,242</u>
Total Revenue	<u>2,242</u>	<u>2,242</u>
<u>Other Financing Sources</u>		
<u>(Uses):</u>		
Operating Transfers (Out)	<u>(2,242)</u>	<u>(2,242)</u>
Total Other Financing Sources (Uses)	<u>(2,242)</u>	<u>(2,242)</u>
<u>Excess of Revenues and Other Sources Over (Under) (Expenditures and Other Uses</u>	---	---
<u>Beginning Fund Balance</u>	<u>91,780</u>	<u>91,780</u>
<u>Ending Fund Balance</u>	<u>\$91,780</u>	<u>\$91,780</u>

The notes to financial statements are an integral part of this statement.

PHILIP R. RUBLEY

- Certified Public Accountant -

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PHILIP R. RUBLEY, C.P.A.

MEMBERS OF
AMERICAN INSTITUTE OF C.P.A.'s
& THE MICHIGAN ASSOCIATION OF C.P.A.'s

May 14, 2008

**Township Board
Cambridge Township
Lenawee County
302 Conner St.
Onsted, Michigan 49265**

We have examined the financial statements of the Cambridge Township, Michigan as of and for the year ended March 31, 2008 and have issued our report thereon dated May 14, 2008. As a part of our examination, we made a study and evaluation of the Township's system of internal accounting control to the extent we considered necessary to evaluate the system as required by auditing standards generally accepted in the United States of America. Under these standards, the purposes of such an evaluation are to establish a basis for reliance on the system of internal accounting control in determining the nature, timing and extent of other auditing procedures that are necessary for expressing an opinion on the financial statement and to assist the auditor in planning and performing his examination of the financial statements.

The objective of internal accounting control is to provide reasonable, but not absolute, assurance as to the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a system of internal accounting control should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgments by management.

There are inherent limitations that should be recognized in considering the potential effectiveness of any system of internal accounting control. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgment, carelessness, or other personal factors. Control procedures whose effectiveness depends upon segregation of duties can be circumvented by collusion. Similarly, control procedures can be circumvented intentionally by management either with respect to the execution and recording of transactions or with respect to the estimates and judgments required in the preparation of financial statements. Further, projection of any evaluation of internal accounting control to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions and that the degree of compliance with the procedures may deteriorate.

Our examination of the financial statements made in accordance with auditing standards generally accepted in the United States of America, including the study and evaluation of the Township's system of internal accounting control for the year ended March 31, 2008, that was made for the purpose set forth in the first paragraph of this report, would not necessarily disclose all weaknesses in the system because it was based on selective tests of accounting records and related data.

Statement on Auditing Standards Pronouncement 112 requires us as auditors to communicate what we determine to be significant deficiencies and material weaknesses to management and those charged with governance in regards to internal control matters.

A significant deficiency is a control deficiency or combination of control deficiencies that creates the remote likelihood that a misstatement of the Township's financial statements is more than inconsequential and will not be prevented or detected.

1. **FINANCIAL STATEMENT PREPARATION**

Statement on Auditing Standards Pronouncement 112 requires evaluation as to the Township's ability to comply to GASB 34 financial statement presentation; and the Township's ability to prepare the financial statements in compliance thereof. We feel based on limited staff and resources that the Township can not comply with this requirement.

OTHER MATTERS FOR CONSIDERATION

These comments are not significant deficiencies but are suggestions to improve your existing accounting and control systems.

1. **POSTING OF ACTIVITY TO GENERAL LEDGER**

Be sure that all activity for the year gets posted at year end, for easier reconciliation of bank accounts, etc.

2. **POLICE INTERFUND BALANCES**

It is apparent that based on current revenues and expenditures that the Police Fund will not be able to pay back the monies advanced for payroll, etc. over the prior years. Consider forgiving all or part of this interfund loan. This will then be an expense to the general fund, and revenue to the Police Fund. This amount is increasing every year.

3. **TIME RECORDS**

Time records are being maintained to verify time incurred by staff, however we feel the time records should be signed by the employee and initialed by the personal approving the time.

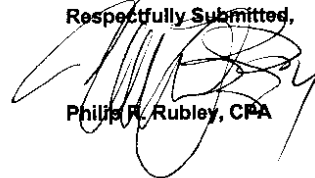
4. **DEPOSITS CUSTODIAL CREDIT RISK**

The Township presently has a custodial risk in the case of bank failure. Consider moving funds to an additional bank removing some risk, because of increased FDIC insurance coverage.

The above mentioned conditions were considered in determining the nature, timing, and extent of audit tests to be applied to our examination of the financial statements, and this report does not modify our report dated May 14, 2008, on such financial statements.

If we can be of any further assistance, please do not hesitate in contacting us.

Respectfully Submitted,



Philip R. Rubley, CPA